

harm the credit of the United States. This need not be true. Treasury Secretary Rubin has told me, both in a letter and in personal conversation, that in the case of reaching the debt ceiling Government obligations would be paid on a first-in-first-out basis. I have introduced H.R. 2098, which would alter this. H.R. 2098 provides that, in the case the Treasury is unable to borrow on a timely basis due to the debt ceiling being reached, the Secretary of the Treasury has authority to follow a priority of payment as established by the President. This will ensure that vital payments will be made as the cash flow is managed in order to preserve the soundness of the existing debt obligations.

In every month that Treasury is likely to be at the debt limit, there is sufficient cash to make all interest payments, Social Security payments, Medicare payments, and other essential payments. Nonessential payments might have to be delayed, but there is no question that interest and principal on Government obligations would be paid.

Moving to my second point, some have argued that it would be irresponsible to not increase the debt limit, even if we do not get a balanced budget agreement, because the financial markets will be so shaken by the possibility of a delay in payments that interest rates will skyrocket. However, it is high long-term real rates that are putting a drag on the economy. A firm commitment by the Congress to balance the budget, to the point of willingness to risk short-term rate increases, could easily flatten the yield curve and shift it down, in other words, lower long-term rates.

Government borrowing consumes massive amounts of America's financial capital. The outstanding debt subject to limit stands at \$4.86 trillion. To put this in perspective, \$4.86 trillion if stacked in \$1,000 bills would reach more than 300 miles into space. The effect of such a debt reaches beyond the obvious effect on interest rates, it places a burden on those who will follow us in shaping this great Nation of ours. Each child born in our country today, during their lifetime, will pay approximately \$187,000 in taxes just to pay their share of the interest on the national debt. That doesn't include paying off one penny of the principal. Boston University economist Laurence Kotlikoff forecasts that, if Federal spending continues at its current rate, a child born today could have up to 84 percent of his income consumed by taxes. In 17 years, if we continue on the current path, all tax revenue will be consumed by entitlements and interest payments on this enormous debt.

Balancing the budget will take several hundred billion dollars out of the demand for loanable funds. The reduction in Treasury demand is part of the reason Chairman Greenspan and others are predicting such a decline in rates. But rates could drop prior to the actual balancing if Congress takes a firm enough position on the issue. Thus, I predict failure to raise the debt ceiling in order to force a balanced budget by 2002 will cause a decline in long-term rates and possibly even short-term rates, given the term structure of U.S. debt.

Nobel Laureate Milton Friedman was espousing his crowding out hypothesis some 30 years ago. He was correct. Government spending will crowd out private investment. Another Nobel Laureate, James Buchanan, and his colleague, Richard Wagner, warned us almost 20 years ago that an unconstrained

Federal deficit would lead to high interest rates and eventually high inflation as the Fed is forced to monetize the debt. In addition, we have seen, over the last 15 years, a massive rise in our trade imbalance. The latter is in good part due to our huge Government borrowing, resulting in foreign countries lending us money instead of buying our goods. It is time that we put a stop to this. We cannot sustain a Leviathan government and retain economic growth and our personal freedom.

What Thomas Jefferson wrote in a letter to Samuel Kercheval in 1816 should be the motto for the debt limit coalition as pressure mounts to compromise: "And to preserve their independence, we must not let our leaders load us with perpetual debt. We must make our election between economy and liberty, or profusion and servitude."

CELEBRATING THE 100TH ANNIVERSARY OF THE BOROUGH OF EAST NEWARK

HON. ROBERT MENENDEZ

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, September 29, 1995

Mr. MENENDEZ. Mr. Speaker, I rise today to recognize the Borough of East Newark, which is celebrating its 100th anniversary this year. Although East Newark is small in size, the residents are known for their big hearts.

Once a part of Kearny, East Newark broke away in the spring of 1895 to become an independent borough. The vote was cast for incorporation on July 2, 1895, and the new borough, just 64 acres in area, became the smallest community in the State of New Jersey.

Two of the early industries in East Newark were the Clark Thread Co. and the Clark Mile End Spool Cotton Co., the largest thread mills in the United States at the time. The companies became Englehard Industries in the early 1930s. The area is now home to the East Newark Industrial Center, which houses over 80 corporations in the garment industry.

With its industries in place, East Newark began to build its community. The East Newark Volunteer Fire Department was organized in October 1895, and the East Newark Police Department was established a month later. Today, both are still in place, 100 years after they were first established to provide for the protection of life and property. East Newark's first public school was built in 1896, and still serves children from kindergarten to eighth grade.

The first church established in the borough was St. Anthony's Roman Catholic Church, the congregation originally founded in 1901 by Italians who moved from West Hoboken. While the original church was destroyed by fire in 1935, it was soon rebuilt and still serves the community today at the same site on Second Street.

In many ways, East Newark's history continues to influence the present. Current Mayor Joseph R. Smith is a descendant of John C. Smith, one of the original petitioners in the effort to establish the borough. I would like to salute Mayor Smith, Council President Walter Roman, Councilman Hans Peter Lucas, Councilman William Lupkovich, Councilman Frank Madalena, Councilman Robert Rowe, and Councilman Charles Tighe for continuing a tradition of excellence in community service.

While the past century has seen monumental changes in the face of the community, East Newark remains an example of smalltown pride and big-spirited determination. With a population of only 2,200, East Newark proves that you do not have to be big in size to make a big contribution. Please join me today in celebrating the 100th anniversary of this little metropolis, which continues to forge its own path on the road to a new century.

THE 50TH ANNIVERSARY OF THE CLINTON TOWNSHIP DEPARTMENT OF FIRE/RESCUE

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 29, 1995

Mr. BONIOR. Mr. Speaker, I rise today to observe the 50th anniversary of the Clinton Township Department of Fire/Rescue. The event is being commemorated this evening, September 29, 1995, during a dinner and dance at the Fern Hill Country Club in Clinton Township, MI.

In July 1944, the Township Board of Trustees asked the citizens of the township if they would authorize \$10,000 to purchase equipment and staff a fire department. In November, a bid was accepted for the purchase of a fire truck and by May 1945, Mr. Andrew Rushford was hired as the head of the volunteer fire department.

Fifty years later, the department has grown to 79 highly trained and professional personnel. Since the single engine volunteer days of 1945, the Clinton Township firefighters have come a long way. Annually, members receive over 13,000 contact hours of training. They respond to over 4,000 calls a year. They have one of the best hazardous materials response teams in the State and the Fire Marshall Division investigates the cause of every fire in the township.

We are truly fortunate to have people committed to serving their communities as firefighters. They stand ready to assist people 24 hours a day, regardless of the conditions or how difficult the situation may be. These men and women often face tasks that must be done during the worst moments of other people's lives. Fires, accidents, medical emergencies—regardless of the circumstances, firefighters can be counted on to do their best. The job is one in which we hope that the skills possessed are never used. However, as we all know, when these skills are required, we are grateful for those who have them.

The members of the Clinton Township Department of Fire/Rescue have seen many changes in their community. Largely rural in 1945, Clinton Township has grown to become a populated suburban community. Major highways traverse the city, including Interstate I-94. Despite these changes, the department remains committed to serving the public, not only Clinton Township residents, but often travelers on these many roads who may be residents of other cities, States, and even countries. I believe that one of the most inspiring qualities of firefighters is that their mission is to save all lives, whether the person is young or old, rich or poor. When most are panicked and fleeing a crisis, they are going in and often risking their own lives in the process. The members of the Clinton Township